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Mort -

Russia Under Mr. Gorbachev

This article, which Paul Johnson published last June in the Kleinwort Benson Quarterly International Investment Review, proves to be an accurate forecast of Gorbachev's new economic thrust. Even now, it offers a very good analysis of what Gorbachev hopes to achieve and how.

On the off chance that the Kleinwort Benson Quarterly International Investment Review isn't on your reading list, here is Paul's article.

Hab

Herbert E. Meyer

Attachment

Mort -

Thanks so much for that dinner. Jill and I enjoyed ourselves, and I'm glad we got a chance to talk seriously. I gather that you

Talked into Jay, into when I just spent 5
days abroad. Things will be moving fast,
and Jay says you should feel free to call
him any time.

Thanks again.

Bill Lest.

Heb

The appointment of Mikhail Gorbachev to the key position in the Soviet Communist Party, and so the state, marks an important change in Russian history, and therefore in world history. Its significance lies not merely in Gorbachev's age (54) and the fact that the Politburo has leapt an entire generation in selecting him. It lies also in the views he holds and the people with whom he is associated. Gorbachev's accession to power will begin to yield its fruits by the beginning of the 1990's, and it is my belief that, during the next decade, Soviet Russia will become a more volatile, unstable, and therefore more dangerous superpower.

To understand why this may be so, it is necessary to dispose of one of the most deeply-rooted myths about Communist control of Russia, now nearly seventy years old. It is that Sovietisation, despite all its faults, did at least succeed in industrialising a backward country and enable Russia to raise itself from abject poverty to relative affluence. Nothing could be further from the truth. In the decade before 1914, Russia was industrialising itself, on a capitalist and state-capitalist basis, faster than any other country on earth, including even Japan. During the years 1908-1914 the country had an average annual growth-rate of 8.8 per cent.* Few countries in history have achieved such rapid and sustained growth, which was interrupted only by the war.

Nor was it surprising. Russia is the greatest depository of minerals, indeed of natural resources of all kinds, in the world, and in the years before 1914 international capital, and Russian investors themselves, were beginning to grasp the fact. Moreover, Russian agriculture, traditionally the most backward in Europe, was at last beginning to modernise itself, and by 1914 Russia was exporting food in huge and growing quantities. We know from the experience of the United States, Canada, Australia and South Africa - indeed of post-war France - how important agricultural modernisation is to the process of accelerating industrial growth. Although the rate at which the Tsarist economy was growing has been obscured by subsequent myth, it was very much in the mind of statesmen at the time. Indeed it was the principal cause of the First World War, for Germany's fear that Russian economic growth would rapidly be transformed into overwhelming military power led her rulers to decide to precipitate what they regarded as an inevitable conflict while there was still time to win it.

Russia's growing prosperity was ended by the disaster of the war and, still more, by the Soviet putsch and civil war which followed. Lenin virtually destroyed Russian industry and most of the industrial workers reverted to peasant life. Then, at the end of the 1920's, Stalin's collectivisation of the peasants inflicted a devastating blow on Russian agriculture from which it has since never fully recovered. It is a fact which ought to amaze us that, in 1985, with more land under cultivation than any country on earth, and after immense investment in agricultural machinery, Soviet Russia is one of the world's largest importers of food.

It is true that, at the price of colossal waste and sacrifice, Stalin restored and eventually enlarged Russia's industrial base. In certain areas, such as nuclear physics and rocketry, with military implications - about which he cared more than anything else - he began to push Soviet Russia towards the frontiers of technology. But so far as the people were concerned, Russia remained poor and backward: bad, overcrowded housing, drab clothes, few consumer goods, food rationing and queues, no choice and often empty shops. Had the pre-1914 pattern of rapid capitalist expansion persisted, Russia must have overtaken West European and possibly even American living standards during the next two generations. As it was, the death of Stalin and 1953 found Russia as poor, relative of the West, as it had been through most of its history. His ultimate successor, Nikita Khrushchev, aware of this failure, introduced the 1961 programme with the fantastic boast that Soviet Russia 'will, in the current decade (the Sixties) surpass the strongest and richest capitalist country, the U.S.A., in per capita production . . . Everyone will be assured of material sufficiency; by the end of the second decade (the Seventies) there will be assured an abundance of material and cultural benefits for the entire population.'

* See *Europe Transformed 1878-1919* (London 1983) by Professor Norman Stone.

In due course, Khrushchev was dismissed, his boasts seen to be baseless and he himself denounced for 'hair-brained schemes' and 'adventurism'. His successor Leonid Brezhnev, settled for consolidation and conservatism.* Utopia was not round the corner. The millenium would come - but in the indefinite future. He concentrated on extending Soviet power by military means and political penetration, and by looking after his own. Soviet Russia was now a rigidly hierarchical society. A ruling class about seven million strong (roughly the same size as the Tsarist aristocracy) enjoyed special privileges: better housing, access to special shops, travel, etc. At its higher grades, the level of the nomenklatura and above, these privileges sharply increased. The armed forces got what they needed, including restraint from the rules of Socialism where these were seen to impede technological progress. The rest of the economy was operated with grotesque inefficiency and corruption, and the vast majority of the 250 million population suffered accordingly.

Towards the end of Brezhnev's long reign, two distinct factions began to emerge in the Politburo and the party levels immediately below it. Their differences should not be exaggerated. They did not disagree on the central issue of the need to maintain the Soviet state, the absolute monopoly of political power exercised by the Communist Party, and the privileged position of the ruling class, to which they belonged and for whom they spoke; the need to maintain it completely, indefinitely and, whenever necessary, by terror. On this point they were in total agreement. Where they differed was on practicalities. Brezhnev and the conservative faction, which his principal follower Chernenko inherited, believed that nothing dramatic could be done to improve the economy. In their view, to paraphrase Kingsley Amis's maxim, 'change means worse', and would be risky too.

The philosophy of the consolidators was expressed by Chernenko in 1984 when he pleaded for caution and what he called 'continuity'. This last he defined as 'advancement relying on everything that has been earlier accomplished'. It was 'necessary to evaluate realistically what has been achieved, without exaggeration but also without belittling'. He echoed a notorious and characteristically Russian saying, long ante-dating Communism. 'This is how it was in the past. This will always be so'.

There is no doubt that Brezhnev wished Chernenko to succeed him. But he could not crown him from the grave. Instead, the Politburo picked the leader of the other faction, the Activists, Yuriy Andropov. On the latter's death, his successor Chernenko was to refer, somewhat sardonically, to his 'creative mind' and 'keen sense for the new'. Andropov was committed to the Soviet system of rule by a terrorist elite as strongly as any member of it: indeed he had been political head of the Secret Police for fifteen years. But he thought that to survive, it had to adapt and advance. As he put it, theoretically, in 1982: 'The teachings of Lenin, like Marxism-Leninism as a whole, are a science, and like any other science, they cannot tolerate stagnation'. He asserted his Activist spirit from the moment he took over from Brezhnev, and he summed up his philosophy in December 1983 as follows: 'The most important thing now is not to lose the tempo and the general positive mood for action and more actively to develop positive processes'. The stress on 'action' and the need (to quote an old song) to 'accentuate the positive' is striking.

His much younger follower, Gorbachev, put the Activist line even more strongly after his boss's death, in a speech in February 1984: there was a necessity, he said, to 'develop the positive trends, and bolster and augment everything new and progressive that has become part of our social life recently'. This would mean 'acceleration of the development of the national economy and the improvement of its efficiency' and a 'profound reorientation of social production towards increasing the people's well-being'. This is the quintessence of Activism: the feeling that things are not right, that there must be harder work, more discipline, much more efficiency, and a general speeding up of sleepy Mother Russia.

* See "Contradictions in Soviet Socialism" in Problems of Communism November-December 1984 by Ernest Kirk to which I am greatly indebted, especially for

Well: we know what has happened. Andropov did, and Chernenko, leader of the alternative faction, was at last given his reign; whether on the principle of seniority, or Buggins's Turn, or because of the then balance within the Politburo, is not clear. And it does not much matter, because Chernenko did not last long enough to engineer his succession, or eliminate the other faction, and when he too died in turn, Gorbachev took over with unusual speed and evident completeness. Moreover, the speed and thoroughness with which he is making changes in senior party officials and top government functionaries all over the Soviet empire indicates that he is quite determined to dig himself deeply into power, and suggests too that he is preparing a national political base for carrying through major changes in the way Russia is run.

What in practice will Gorbachev do? As in all closed and ideological societies, Soviet leaders talk in a hieratic language, a sort of code, which only they, and sophisticated outsiders, understand. Thus, it is theoretically impossible for a state run by the Communist Party to make mistakes; it is moving inexorably through Socialism towards Communism. When awkward and undesirable things happen in capitalist societies, they are termed in Marxist jargon 'contradictions'; and eventually these contradictions become unresolvable and cause breakdown - at that point the bourgeois epoch comes to an end, and Socialism supervenes.

But of course awkward and undesirable things occur in states run by the Communist Party too. These also are contradictions, but they are unlike those of capitalist societies: they are 'non-antagonistic contradictions', caused not by class-conflict - which can be ended only by the destruction of one class by another - but by human failings, inefficiency, conservatism and the like. Therefore they can be resolved, and it is the function of the Communist Party, as the vanguard elite in Soviet society, to resolve them.

Here, then, is the theoretical basis of Gorbachev's Activism: the resolution of non-antagonistic contradictions. What of his practical programme? There is indeed one very important and fundamental contradiction in Soviet society today, though I would not myself call it 'non-antagonistic'. Lord Snow used to speak of Britain suffering from 'the two cultures', the radical dichotomy of arts education and science. Soviet Russia suffers from 'the two technologies'. It is a two-technology society, with a vengeance.

The problem dates from Stalin's day; possibly even from Lenin's last period. But it has become far more marked in the thirty years since Stalin's death. The armed forces, the defence industry, the secret police and the Soviet intelligence agencies, are accorded absolute priority over the whole field of technological research and procurement. Anything they need in the way of resources, finance, skilled personnel, foreign currency and facilities, they get - in so far as the Soviet Russia can provide them. Indeed, they are further privileged: for the ideological rules and inhibitions which keep much of Soviet civil industry and agriculture backward, are gladly and promptly suspended when the needs of the Soviet defence and security systems require such liberty. It is for that reason alone that Soviet Russia has kept up - possibly ahead - in the arms race; and that the Party has maintained itself in power so absolutely for nearly seventy years.

Soviet civil society gets what is left; often very little, even nothing. As the rate of technological change has increased, so the gap has inevitably widened, and the 'contradiction' has become more obvious. The result is an extraordinary and growing imbalance in Russia today. Of course history often tells us of militaristic societies with huge and expensive armies maintained by semi-starving populations. Tsarist Russia itself often exhibited the possibilities of such huge chasms. But Tsarist armies were distinguished by their size, not the sophistication of their equipment. In Soviet Russia, we have a society whose missile guidance systems and 'star wars' technology (which Russia is seeking far more frenziedly than the Americans) employ the most sophisticated computers on earth, yet most of whose civil populations still live, literally, in the age of the abacus.

Ordinary Soviet citizens, cut off from open societies, do not fully understand that the technology of the arms and space-race can be used to revolutionise their own lives for the better. Even the young men who operate the ultra-sophisticated military technology do not grasp it. I was struck by the case

of the Soviet pilot who defected and flew the then latest MiG fighter to Japan. Here was a young man fully conversant with some of the most complex and sophisticated machinery ever designed by man. He was kept in seclusion by the CIA and necessarily accorded special treatment. But I was told by one of his mentors that when he was first allowed to wander freely in California, and entered a typically large city supermarket, he simply could not believe that it was 'normal'. He thought it had been set up especially for his benefit, like a Potemkin Village. He could not begin to conceive that the technology he took for granted in the Soviet air force could equally well be employed to create a super-affluent society.

It is evident from Gorbachev's speeches that he is acutely conscious of the existence of this two-technology society; conscious, too, that it breeds within the underprivileged and undercapitalised civil society the inefficiency, couldn't-care-less indifference, corruption and conservatism against which he has set his face. I believe that his great, long-term aim is to homogenise and unify the Soviet economic system so that the strengths and virtues of its defence and security sector are used in the vast, bedraggled civil sector too.

Now such a programme, almost as ambitious in its own way as the hairbrained schemes of Khrushchev, is fraught with every kind of danger for a regime as conservative and set in its ways as Soviet Russia's. For one thing, it presumably would involve some transfer of resources, or at any rate change of emphasis, from the military-security to the civil sector. The armed forces will have something to say about that, one imagines. We do not hear much from them nowadays, any more than we hear from the Red Army in China. But both are there, huge and formidable, in the background. They have their political supporters too, at all levels of the Party.

Again, it is not at all clear that a general improvement in efficiency and discipline in the civil sector will strengthen the regime's grip on the nation. Tyrannical governments, as history constantly teaches, are not necessarily made more secure when things improve and living standards rise. Quite the contrary. Poverty and deprivation, and the hopelessness and apathy they engender, are the handmaidens of autocracy. De Tocqueville noted that revolutions are not always provoked by deterioration in conditions: 'They occur far more frequently when a people which has endured oppression for many years without protesting, discovers that the government is relaxing its grip, and then rises against it'. He adds that 'the moment of danger for an evil government comes when it seeks to improve itself'. That was the lesson of the French Revolution in 1789; and in Russia too, it was the rise in living standards, and the opening of opportunities in the decade before the First World War, which were the psychological progenitors of Tsardom's overthrow.

Moreover, from the point of view of the tyrant, there is a lot to be said for Brezhnev's attitude. Why change? Here we are, he argued, a ruling class in power for over sixty years, as strong and unchallenged as ever. How can change actually improve our situation? Must it not, inevitably, make it worse, or at least entail risk? Quiete non movere; let sleeping multitudes lie, in their squalor and impotence and ignorance.

But it is of the nature of activists that they are never impressed by such arguments. Thank God, in a way: otherwise history would never move forward, but stagnate. The activists must be doing; they have the itch to perfect, to improve. They are the curse of autocracies. The Shah of Persia was an activist: it was his undoing. So as we move towards the 1990s, and Gorbachev's drive for discipline, efficiency, and his 'augmentation of everything new and progressive' gathers pace, I foresee all kinds of stirrings in Soviet society at the bottom, and grave disagreements - possibly fierce and even bloody conflict - at the top. There was a famous diplomatic adage in the 19th century. It went: 'Russia is never as weak as it looks. Russia is never as strong as it looks.' I think the same adage applies equally well to Soviet Russia today. And it applies to Russia's stability, as well as its power. I think the point to stress today is that Russia is not as stable as it looks. Perhaps a long period of stability in Soviet government and people is coming to an end; and we in the West will have to fasten our seatbelts to-